

## **Post-2006 Phase 2 Meeting Summary**

### **June 1, 2005**

The Post 2006 Phase 2 Conservation Workgroup met June 1 at the Bonneville Power Administration in Portland to continue the discussion of ideas about how to structure incentives for the post-2006 conservation portfolio and other related issues.

Utility Workgroup members in attendance:

- Peter Anderson – Kootenai Electric Coop
- Brent Barclay – Columbia River PUD
- Jay Himlie – Mason Co. PUD #3
- Mike Little – Seattle City Light
- Keith Lockhart – Springfield Utility Board
- Kathy Moore – Umatilla Electric
- Tom Schumacher – Benton Co. PUD
- Mary Smith – Puget Sound Energy
- Dan Villalobos – Inland Power and Light (*via phone part of the day*)

BPA staff in attendance:

- Jack Callahan (*Toolkit discussion, only*)
- Ken Keating
- Mark Johnson
- Karen Meadows (*Toolkit discussion, only*)
- Jean Oates

Jennifer Williamson of ECOS Consulting was present for a short time to discuss CFL issues.

***These summary notes are divided into two sections: (1) general discussion and (2) toolkit concepts discussion.***

## **General Meeting**

### **Discussion**

Several key issues were discussed or brainstormed during this portion of the meeting.

- Residential lighting
- Performance Tested Comfort Systems™ (PTCS)
- Incentives/Programs
- Cost Balancing spreadsheet

### Residential Lighting

Ken Keating began the discussion of residential lighting. BPA is listening and trying to balance all needs. It takes a measured approach to change residential lighting. BPA is setting up a reimbursement structure and level. This is only the utility reimbursement, not the total measure cost, e.g., the purpose is not to provide free measures. It's up to the utility to decide how to implement their CFL program.

Jennifer Williamson from ECOS provided some regional and national experience on CFL programs and their related costs.

- Direct install works for hard to reach and low-income end-users, but is more expensive.
- The Rasmussen paper suggests a mail out of free bulbs with coupons for further bulbs may have been the optimal approach in 2001. BPA could piggyback on Change A Light to promote CFLs on an annual basis. And perhaps again for Earth Day.
- Use a multi-pronged approach; Council goal is more sockets rather than just sockets that operate at least 4 hours/day
- Utility issues/suggestions for CFL delivery mechanisms:
  - Utilities could piggyback free bulb installation with trips to the homes of consumers.
  - Short-staffed utilities could use a third party delivery mechanism.
  - BPA isn't paying enough in general, according to some utilities in the region, which leads to lost opportunities.
  - It was noted that BPA and the Council may want to get more CFLs in place as the lowest cost resource, but the budget-based approach of the rate-credit was sending a different message to the utilities. They need to spend their money, and working hard on a few large expenditures makes more sense than chasing a lot of small-credit CFLs.
  - End users who had a bad experience with the first round of CFLs must be persuaded to give CFLs a second chance.
  - Couldn't BPA consider setting different reimbursements for differing delivery mechanisms?
  - Promotion: Utilities don't want to wait until the new CFL program begins to start marketing efforts. Having a regional ad campaign underway that local utilities can piggyback on is desirable with local ads, rebates, etc.

### PTCS Duct Sealing

According to Mark Johnson, Climate Crafters, the organization that provided training and certification for residential air distribution diagnostics and service and for heat pump and air conditioning charge and airflow diagnostics, has disbanded. The Oregon Department of Energy (ODOE), Washington State University Energy Program, and the Idaho Department of Water Resources Energy Division have been recommended by the Regional Technical Forum (RTF) to provide PTCS Duct Sealing training and certification services as an alternative to Climate Crafters. BPA is on the verge of approving this recommendation. Each of the three state energy offices will maintain a PTCS database and conduct the training, certification, and quality assurance. There's currently no PTCS Duct Sealing coverage in Montana, but Mark will work on it. In the background, the possibility exists that PT (Performance Testing) may only apply to the duct sealing and a few simple set-up issues. This would make it a lot easier to train and equip contractors.

- Training: BPA might provide/pay for training, which is needed so installers will participate.
- Utilities have to offer installers something and even have a way to "force" them to the table.
- If a utility is doing 100 percent inspections, it can petition the RTF for a recommendation to allow an exemption from additional inspections under the PTCS.

- PTCS Duct Sealing is not required for single-family housing with all of the heating system ducts inside the conditioned space, i.e., homes with conditioned basements.
- ENERGY STAR<sup>®</sup> homes require duct testing, which expands the market for PT services.
- Utility issues/suggestions for PTCS Duct Sealing:
  - Installer participation:
    - a. Equipment costs are a hurdle for installers. There needs to be an incentive or a special price for installers to be able to buy blower doors or duct testing equipment. Tie training to equipment.
    - b. Split the incentive from the utility under the Rate Credit: some to the installer; some to the homeowner for duct work. The utility could claim the savings and spend the budget.
    - c. Some utilities pay extra for the first several jobs to help offset the cost of equipment. The utilities firmly believe that payment for equipment should be tied to actually doing jobs, not just taking the training.
    - d. Utilities need marketing materials to educate end users about PTCS and its benefits.
  - Utilities need an incentive to offer for retrofitting ducts. What could the utility offer?

#### Incentives/Programs

Ken began the discussion of incentives with several questions: (1) What are utilities paying for measures and kWh: (2) What would utilities consider?

- \$2 per bulb (5¢/kWh) is a starting point, which doesn't include labor.
- Talked about the incentives being paid in CA (\$0.06/kWh for commercial lighting, \$1-2/per residential CFL, \$0.12 for commercial HVAC, similar ESO-type lists), but noted the difference in retail rates faced by consumers.
- BPA pays about 12¢ in the commercial sector. The ESO is a big part of the programs and may pay less; Ken to determine. BPA offers incentives on both levels for T8s: \$30 for standard, and \$40 for high output. For the next 1.5 years, we need to establish more availability for higher performance T8s. Likely to reduce special boost for HP T-8s post 2006 to about \$35.
- At the May meeting, BPA said don't put a cap on the size of the end user, but look at the whole job. Is there an advantage in putting a cap on the size of the job or size of building? Some utilities increase verification based on the size of the incentive.
- BPA wants to look more closely at the grocery sector market, doing audits, etc. This is an area that still shows a lot of retrofit potential – anti-sweat stuff, floating head controls. .
- BPA would like to have a HVAC program that does something with economizers.
- When an end user has multiple facilities that are located in various utility service territories, the owner can be frustrated because they can't do a similar project in another area due to the decrement, etc.
- Scientific Irrigation Scheduling (SIS): The farmer gets advice for the crops he has in the ground that year. You have to go back out and buy it each year. The smallest measure life in the Council plan is 5 years. BPA needs to make SIS a 5-year measure and price it as such. Try to separate out energy services from other services offered.
- Utilities need to think of ways to make SIS a 5-year measure, or BPA may not be able to do it, e.g., add incremental acreage for the next year with a 5-year measure life, require 5-year contracts with grower, etc. (This will be handled off-line, since it doesn't impact many customers).
- Industrial: BPA currently pays a maximum of 60 percent (depending on the utility contract) or a set amount per verified kWh. Others have found it easier to approve the project and offer to pay a flat 50 percent of the cost. If the utility is not selling the job because there are multiple

screens to be passed, it doesn't help. If the BPA contract with a utility read differently, could utilities run it like they always do?

- Utilities on incentives/programs:
  - On average across the commercial sector, Seattle City Light pays 16-18¢/kWh for an entire project; \$20,000 is a large job. SCL has a small lighting-only commercial rebate program that gets around the high overhead costs. Several contractors go door-to-door for a fixed payment per measure.
  - Other utilities do pre-and post-measurement on any job more than a \$1,000 incentive. For others, 15¢ is the top incentive now; 60 percent cost cap.
  - End users won't invest unless they know the benefit/impact to them, so most utilities will do the calculations both for selling the job and for reporting.
  - The commercial sector is contractor-driven.
  - Vendors are sometimes reluctant to work through the utility because another vendor might get the job.

#### Balancing Spreadsheet Tool

Ken demonstrated the balancing spreadsheet and led the discussion. It is mostly a BPA tool to determine how paying differing amounts affects the overall average cost to BPA. The utility can use the balancing tool to examine and balance savings proportions with what they are paying in incentives.

## Summary of Tool Kit Discussion

### Handouts

- Agenda and Goals for June 1, 2005, Post 2006 Conservation Subcommittee Meeting, Subject: Tool Kits dated 6/1/05
- Draft ESO+ Lighting Rebates, Specifications, Commercial & Industrial Lighting Rebate Program, and ConAug ESO+ Standard Offer documents.
- California Energy Smart Grocer Program marketing and rebate materials.
- Post-2006 Regional Infrastructure Support – Peer Sharing and Tool Kit: Straw Proposal – For Discussion Only dated 5/20/05 (e-mailed prior to the meeting).

### Discussion

The subcommittee discussed tool kit concept issues such as:

- Would implementing such a concept help utilities implement programs targeted at new technologies or areas in which they are not currently running programs?
- Would tool kit components help reduce utility administrative costs and improve aMW acquisition levels?
- The need for implementation of the tool kit concept to be utility driven and options for utility involvement.
- The subcommittee also reviewed draft sample “tool kit” materials and talked about technologies or program areas in which 3rd parties might be needed.

### Subcommittee Recommendations and Suggestions about the Tool Kit

The subcommittee agreed that the tool kit concept should be developed.

Key to the success is:

- Must be utility driven – utilities need to select and prioritize which technologies or areas for which tool kits should be developed (in other words, which technologies do they intend to target with their programs). Utilities need to determine which tool kit components are needed and need to be involved in the review of materials. Materials developed should be easily accessible – perhaps on the web, so utilities can download them as needed.
- Vendors for many technologies are essential to the success of many programs – further discussion is needed to determine if and/or how BPA could assist utilities in the identification and training of vendors.
- Recognizing that different utilities have different needs – materials should be made available in a “menu” approach (select only those you need) and should be available in a range of formats such as text only to camera-ready documents that a utility can download, insert its utility logo and print.
- A small utility subcommittee should be used to provide utility guidance, priorities, and feedback. Such a subcommittee should include representation from large, small, east and west side utilities. The subcommittee members might serve a one-year term. Most communication for this group would occur through e-mail to keep travel costs and time at a minimum.
- To gather input from the rest of BPA utility customers, a number of options were discussed:
  - Formalizing (beefing-up) the existing regional utility roundtables.
  - Initiating an implementer’s forum (similar to the RTF but with a program rather than technical focus, e.g., RPF).
  - Using BPA EERs to act as a conduit to convey ideas/materials or to gather input from their customers.

### Tool Kit Material Examples

- Examples of “tool kit” components that might be useful (this list is from initial thoughts of individuals on the subcommittee, not a final recommendation):
  - CFL marketing materials.
  - Heat pump information on PTCS™ – specifications, benefits, how it works.
  - Manufactured home and ENERGY STAR® Home information sheets or bill stuffers that identify such information as who should purchase, what kind of savings you can expect, etc.
  - Materials on how to achieve commercial participation.

### Other Tool Kit Related Items of Interest

- An online resource library where utilities could easily find resources (fact sheets, marketing materials, program materials, etc.) on specific technologies would be useful. BPA could gather existing resources or create links to existing resources for this library.
- On-line forum segmented by technology or program type where utilities that are interested can post questions, suggestions and have an on-line dialog.
- A focus group to discuss the use of 3rd parties.
- Training for Vendors – workshops and materials

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### Action Items

BPA	<ul style="list-style-type: none"><li>▪ Refine the Peer Sharing and Tool Kit Straw Proposal based on input received from the utility subcommittee; submit the revised straw proposal to the subcommittee.</li></ul>
BPA	<ul style="list-style-type: none"><li>▪ Provide subcommittee with summary of the ConAug process evaluation results</li><li>▪ Determine what the ESO costs per claimed kWh</li></ul>
Utilities	<ul style="list-style-type: none"><li>▪ Suggest solutions for bilateral contract barriers</li></ul>

### Future Meetings in Portland/Tentative Agenda Items

June 22	Draft Willingness to Pay and reimbursement approaches. (Due out to Phase 2 Group on the 16 <sup>th</sup> or so.)
	ConAug evaluation results (if available)
July 6	Putting ConAug evaluation results into action. Revisions to WTP and fill in gaps.
	What changes do we want for bilateral contracts that are currently barriers?
July 20 (tentative)	Hand-off to contract team/group